

Approved For Release 2001/03/17 : CIA-RDP82-00457R0045005

CENTRAL INTELLIGENCE AGENCY

REPORT NO.

## INFORMATION REPORT

CD NO.

25X1A

DATE DISTR. 27 MAR 50

NO. OF PAGES 1

COUNTRY Korea

SUBJECT Statement of North Korean Communist

PLACE  
ACQUIRED

25X1A

DATE OF  
INFO.

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NO. OF ENCLS.  
(LISTED BELOW)SUPPLEMENT TO  
REPORT NO.

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SOURCE

1. In late 1949, an agreement was made between North Korea and the USSR according to which the USSR will supply North Korea with materials worth one billion fifty million rubles, calculated at the rate of one to one with the North Korean won. The shipments of materials are to be distributed over a three-year period, with the first delivery arriving in the spring of 1950. In addition to this financial aid, which is expected to contribute directly to the balancing of the North Korean budget for 1949-1950, the USSR will also send some military aid, but the amount will not be large.
2. Soviet military advisers visit North Korea frequently, traveling by train between Moscow and Khabarovsk and thence to and from Pyongyang by air.
3. The North Korean Labor Party obtains its operational funds from the profits from handling railroad freight. Freight control is assigned to the party and the funds go directly into its treasury. These operational funds are used, among other things, for sending representatives on missions to South Korea.
4. The nationalist Youth Friendship Party is the only opposition party still active in North Korea, and it is continually hampered by the intervention and obstruction of other parties. The unification of the North and South Korean Labor Parties has reached the stage of agreement between members of the two executive committees, but a practical merger has not yet been effected.
5. Industry is increasing in North Korea, but private industry is being decreased, partly through government controls. Although permits for individual enterprises in mining and foreign trade, for example, are obtainable, the restrictions made by the government on materials and labor are so great that little can be accomplished.

Document No.	25X1A
No Change in Class.	<input type="checkbox"/>
<input checked="" type="checkbox"/> Classified	
Class. Authority:	NS S C
Auth:	NS S C
Date:	15/04/75
By:	008

STATE	<input checked="" type="checkbox"/>	NAVY	<input checked="" type="checkbox"/>	NSRB	<input checked="" type="checkbox"/>	DISTRIBUTION
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Next Review Date: 2008

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